SOLID WASTE FINANCIAL FORECAST AND RATE STUDY UPDATE

PRESENTATION TO THE RATE REVIEW SUBCOMMITTEE OF THE TECHNICAL MANAGEMENT COMMITTEE

JANUARY 22, 2025

Presentation by:

RAFTELIS

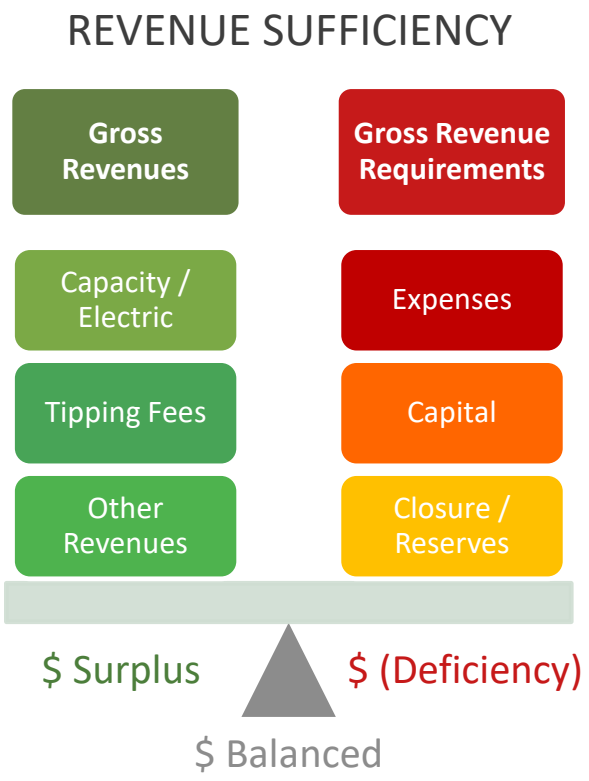
AGENDA

- 1. Scope and Methodology
- 2. Key Changes Since Last Study
- 3. Key Assumptions
- 4. Findings and Recommendations

1. SCOPE AND METHODOLOGY

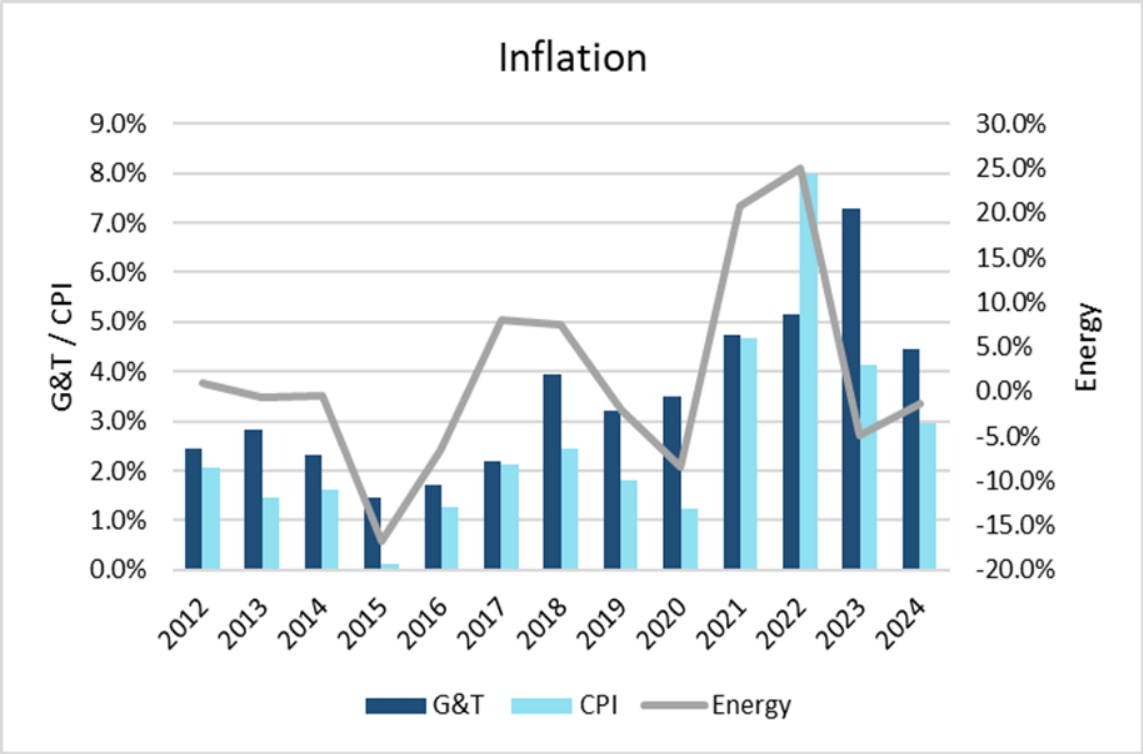
- Scope
  - Raftelis tasked to update 30-Year financial forecast model
  - Present findings to Staff and Technical Management Committee (TMC) members

- Methodology
  - Data driven process
  - Examined contractual arrangements
  - Establish financial targets / parameters
  - Trends ➔ assumptions ➔ forecasts
  - Revenue sufficiency and rate adjustments
  - Rate phasing



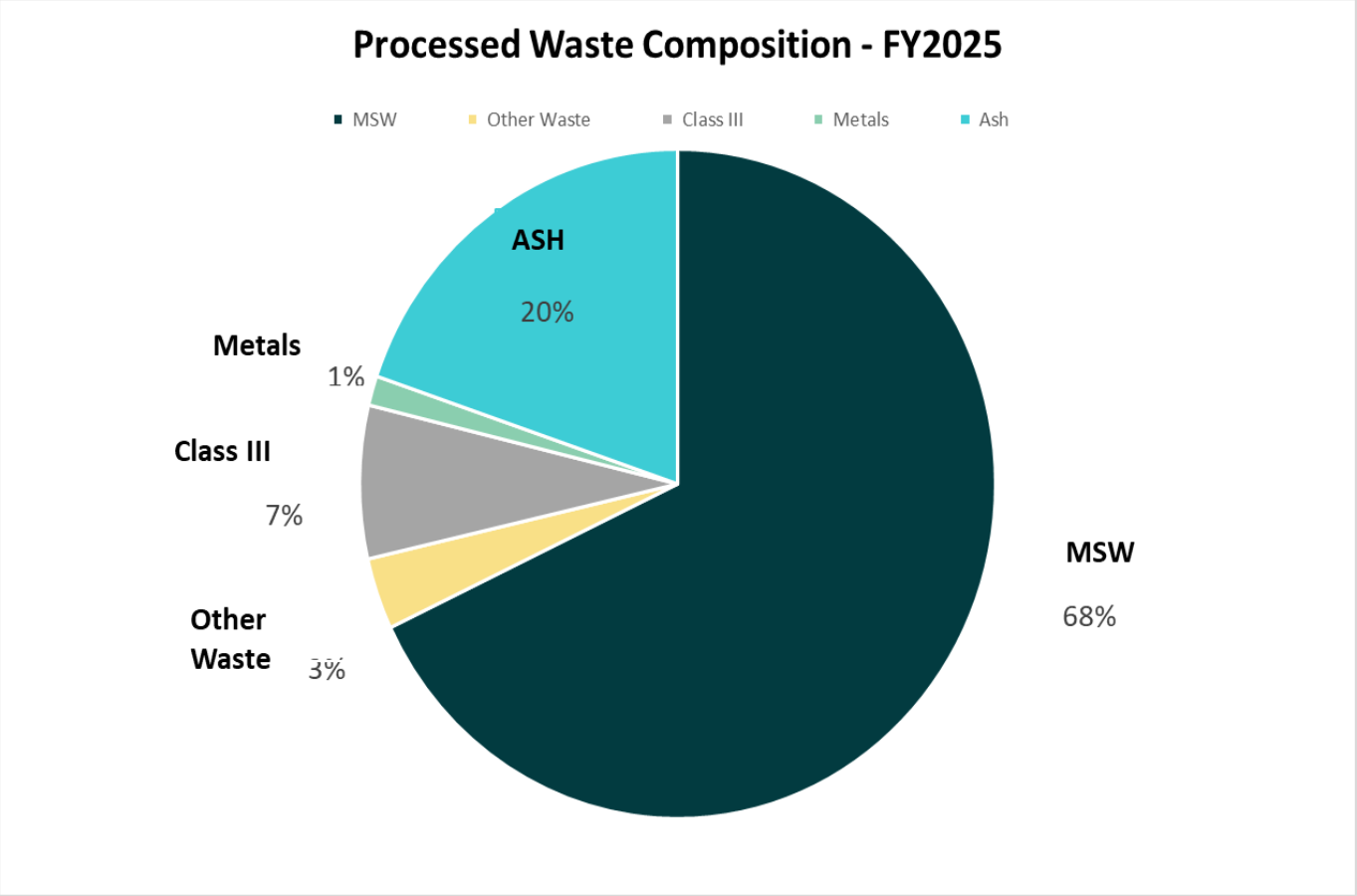
2. KEY CHANGES SINCE PRIOR STUDY

- Inflation Continues to Pressure Contract Costs
- Covanta Contract Extended with RFQ / RFP
  - Historically accounted for About 30% of Total Costs or $21m/Annually
  - Extension resulted in $12/ton increase applied to all tonnage or $35m/yr (+67%)
  - County staff expects better contract terms through bid process
  - Forecast assuming ~$7/ton increase or $31m/yr (+47%)
- Capital Plan Costs Increase from ~$420m to ~$500m through FY36



3. KEY ASSUMPTIONS - TONNAGE COMPOSITION AND GROWTH

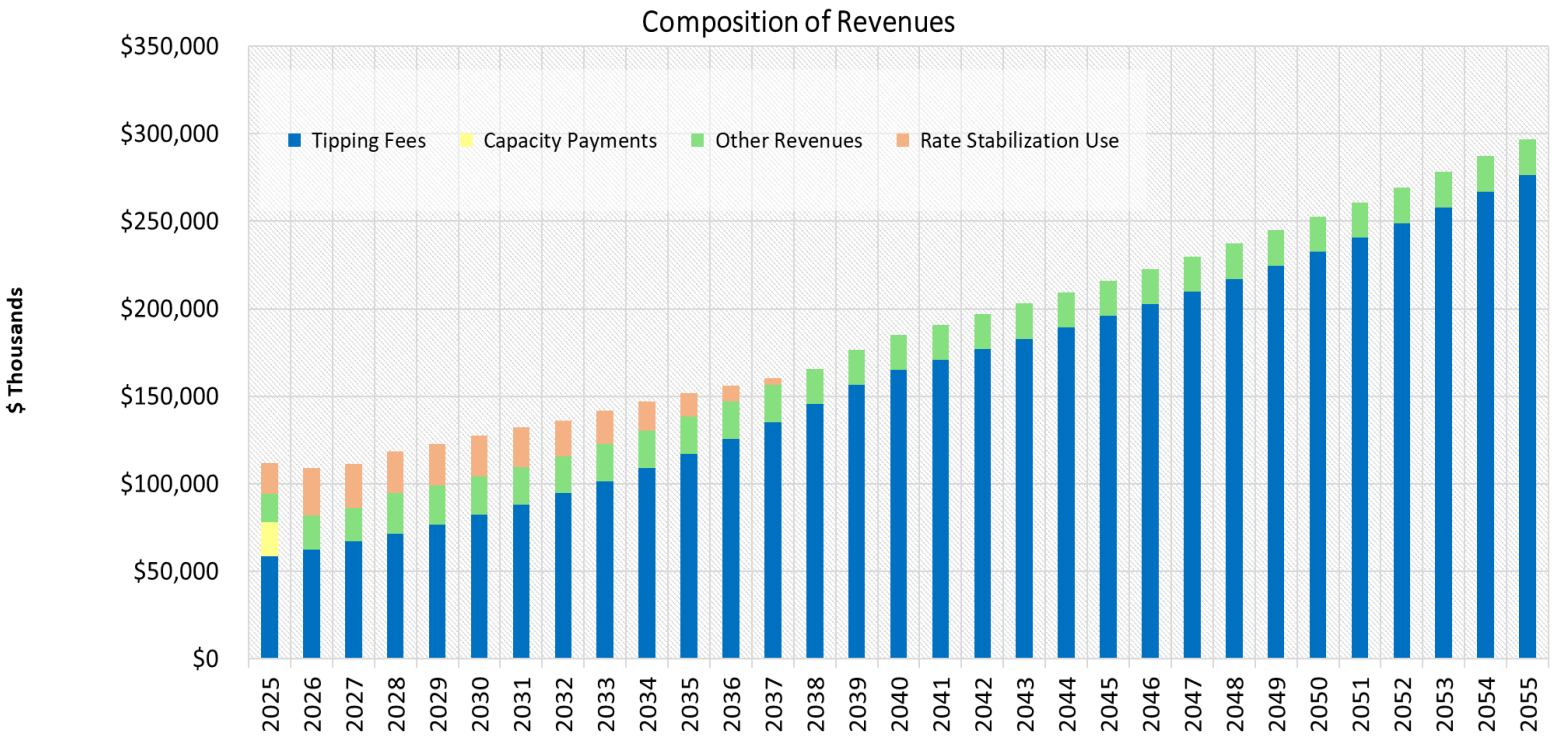
- County processes approximately 1.5 million tons a year
  - Inbound waste = 1.1 million tons per year
    - Municipal solid waste (MSW), class III (yard waste, construction debris), tires, etc.
  - Processed by-products = 0.3 million tons per year
    - Ash, recovered metals, etc.



KEY ASSUMPTIONS - REVENUES

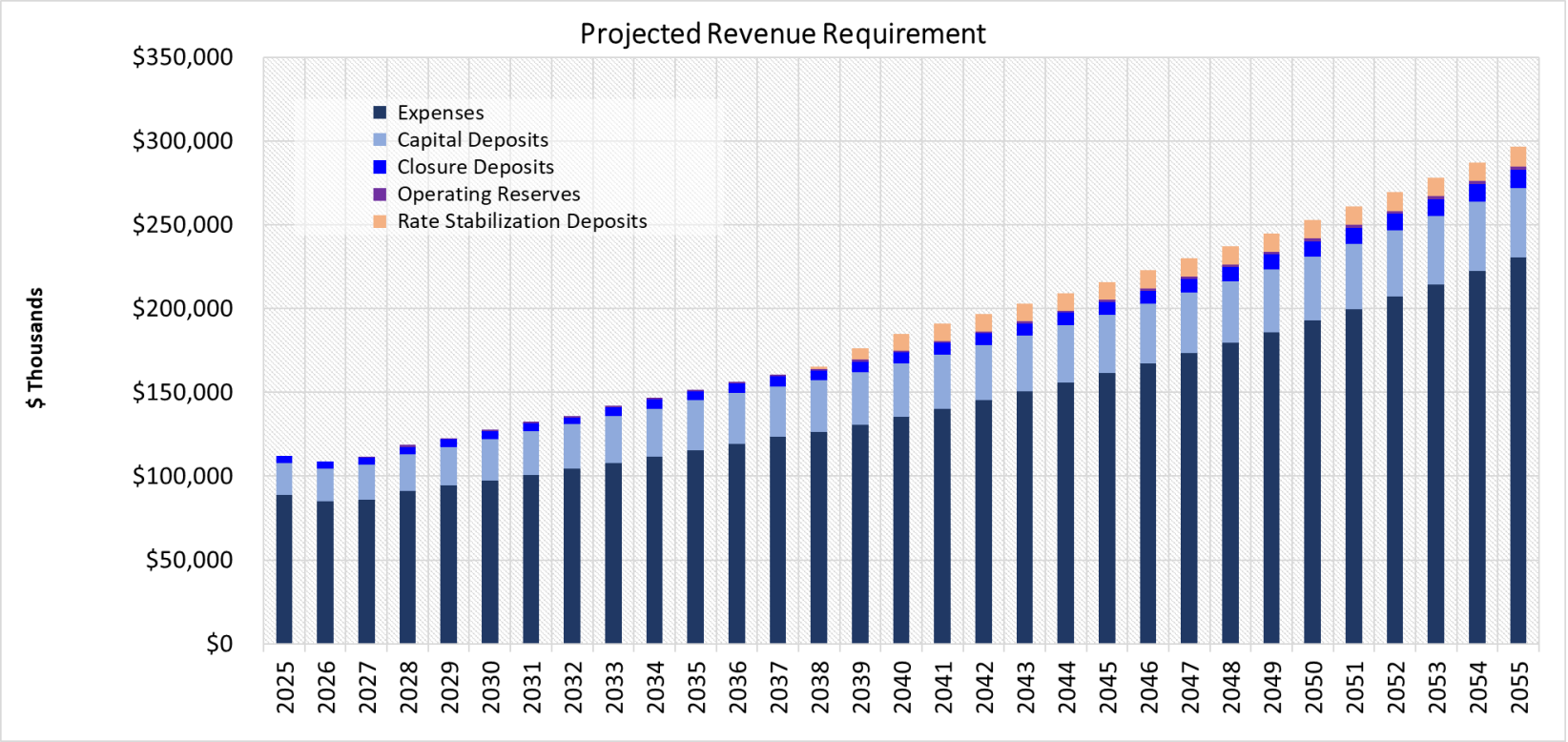
- Tipping fees
  - Increases Consistent with Prior Years Forecasts
- Capacity payments
- Electricity sales
- Metal recovery
- Interest income

Other Revenues



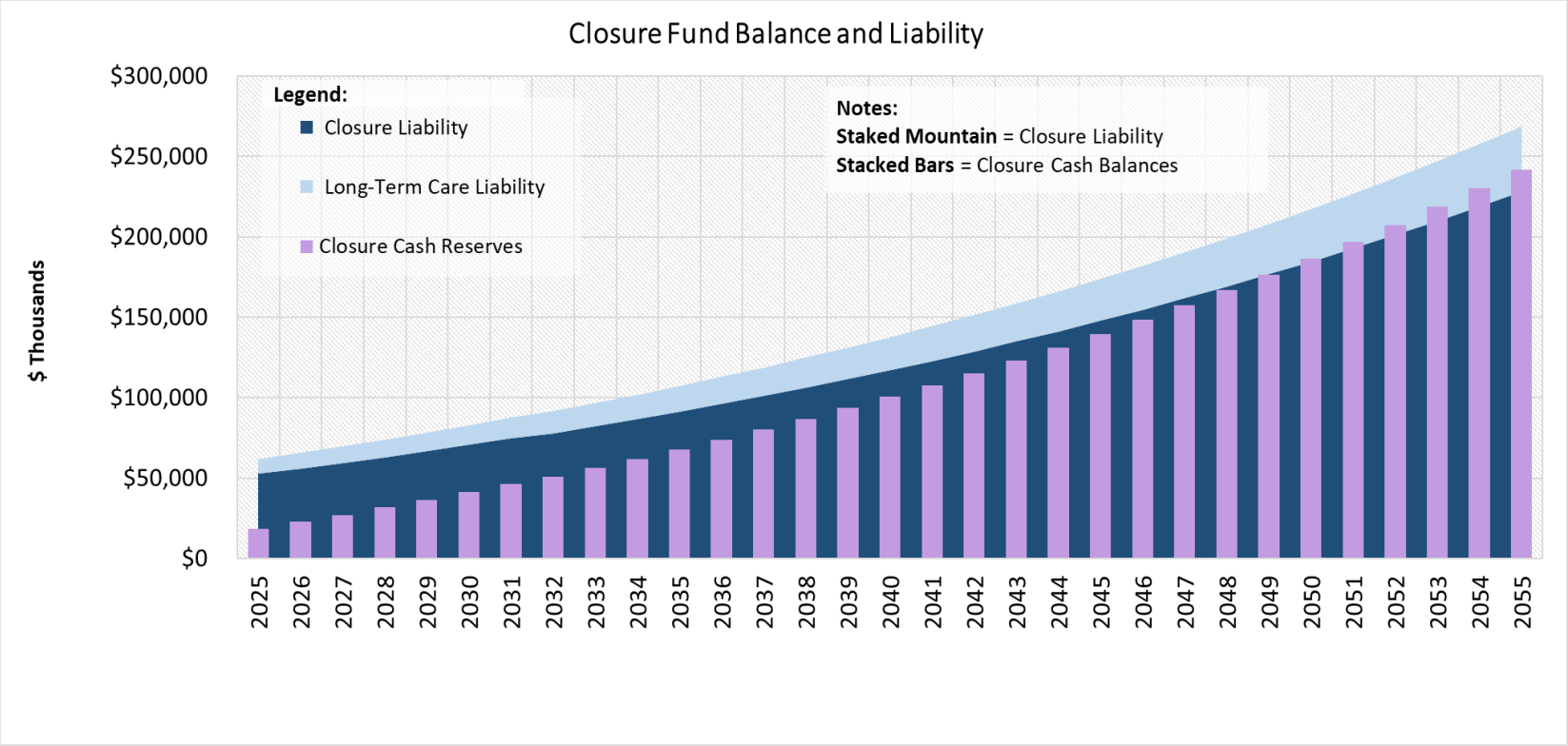
KEY ASSUMPTIONS – PROJECTED REVENUE REQUIREMENTS

- Assumes Rebid Reworld Contract
- Average Annual Expense Growth at ~3.5%



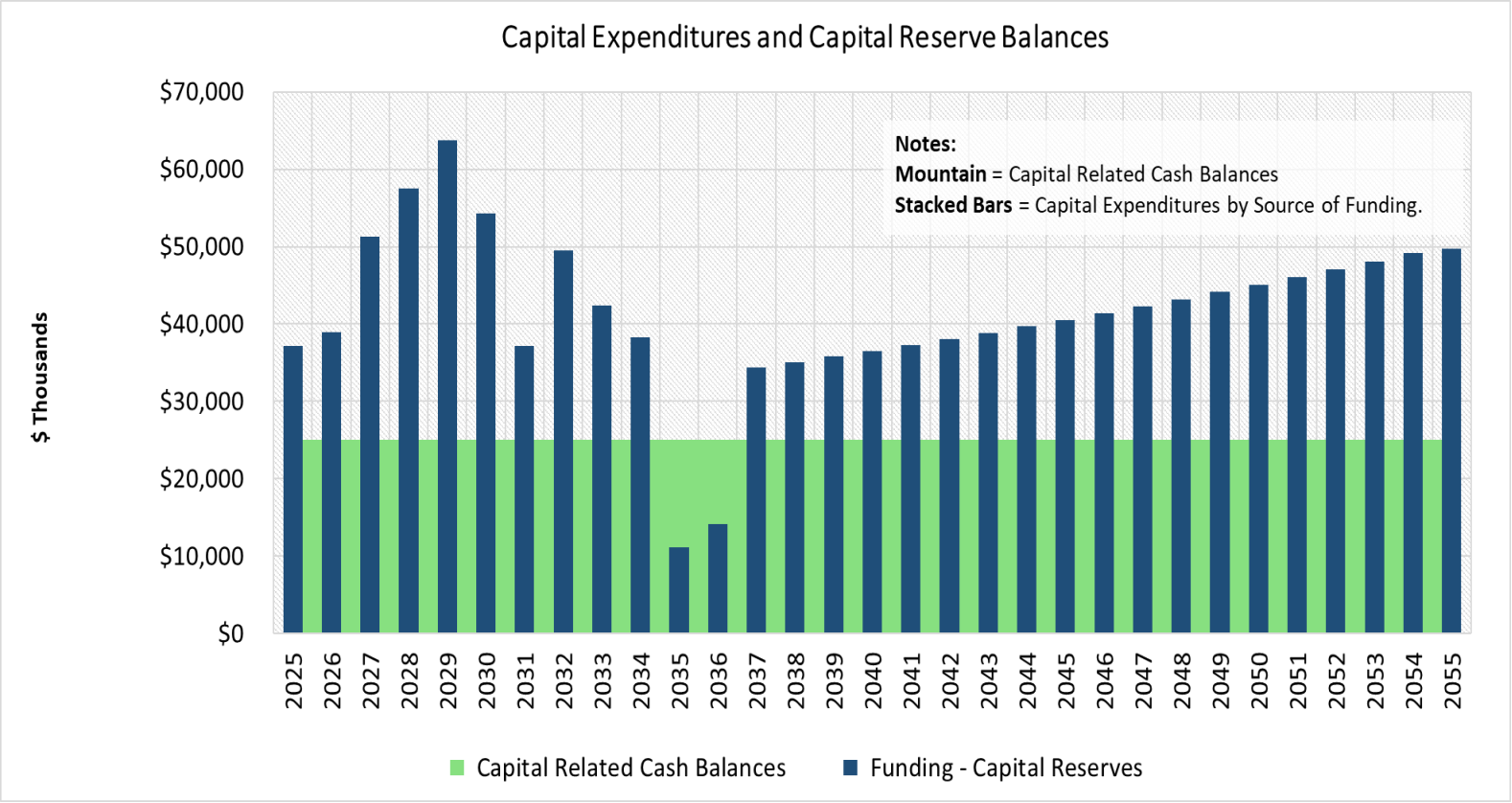
KEY ASSUMPTIONS - CLOSURE AND POST-CLOSURE

- Plan to Fund Liability Over Time
  - Financial Test for financial assurance compliance
- Does not yet reflect increase elevation
- Target: Fund closure liability only
- Slope closures included in Capital Improvement Plan (CIP)



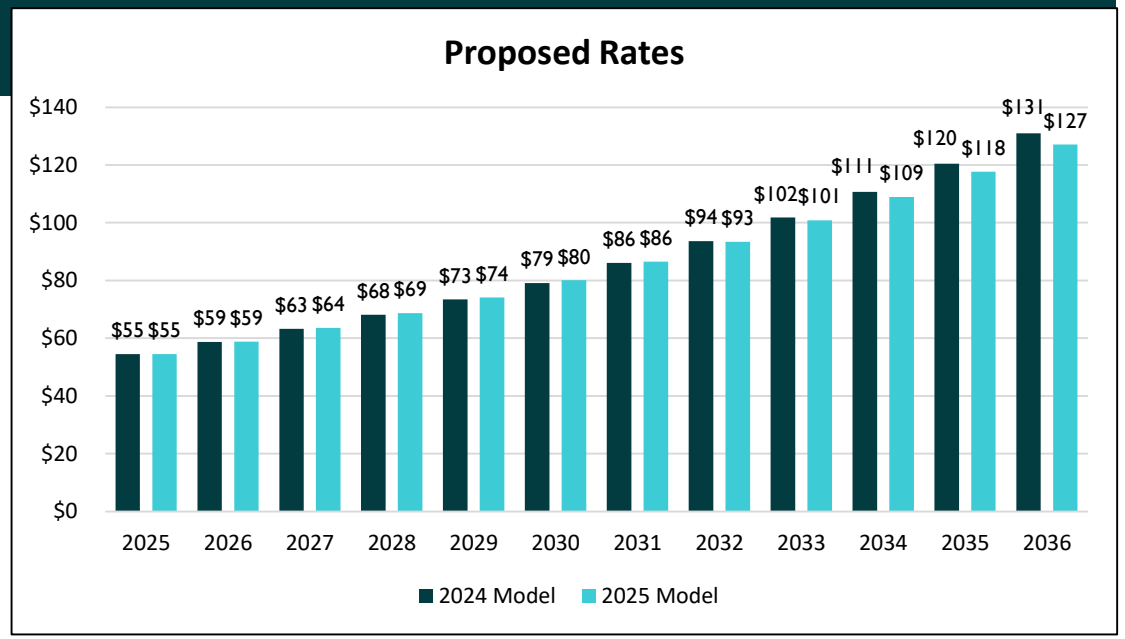
KEY ASSUMPTIONS - CAPITAL

- Proposed CIP FY25-36 = $498.8M
- Top six projects $416.1m or 83% of Total:
  - WTE R&R / several projects = $269m
  - Bulky Waste Processing = $63m
  - Landfill Improvements = $35.6m
  - Solar and Net Metering = $28.5m
  - Enhanced Metals Recovery = $20m
  - Landfill Side Slope Closure = $8m
- Assumed depreciation as proxy for capital needs after 2037
  - $29.4 million annually escalated for inflation



FINDINGS

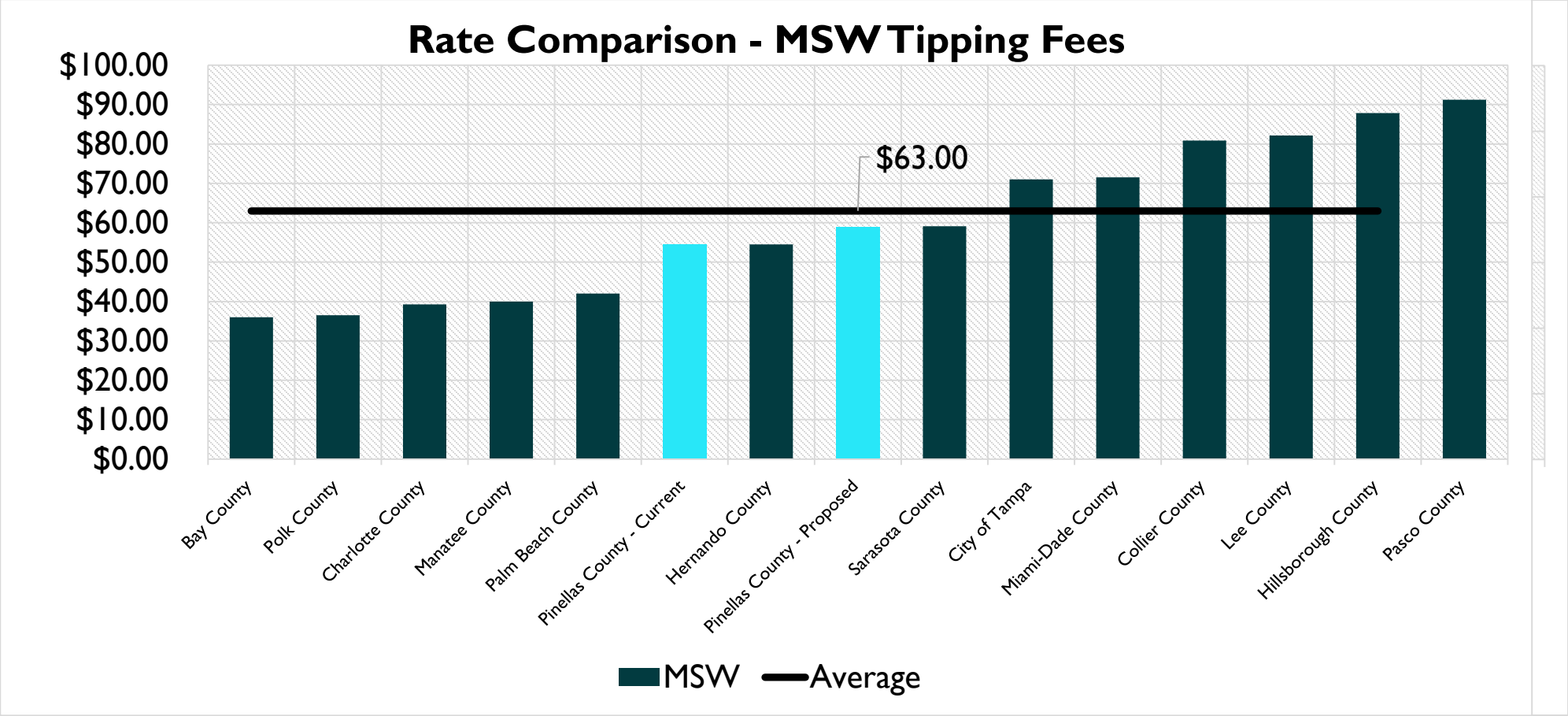
- Findings and Recommendations:
  - Key changes since Last Study Lower Expenses / Longer and Higher $ Outlook on CIP
  - Adopt 3 Year Rate Plan at 8% per year
    - Slight Increase to Prior Year's Forecast next 3 years / Lower Overall next 10 years
  - The impact of the disposal cost increase to a single-family resident generating 1 ton of waste per year averages $4.72 annually or $0.39 a month



Tip Fee Recommendations

	Adopted	Identified		
	2025	2026	2027	2028
Rate Adj. (%)		8.00%	8.00%	8.00%
Tip Fee ($)	$54.50	$58.86	$63.57	$68.65
Change ($)		$4.36	$4.71	$5.08

MSW TIPPING FEE COMPARISON



THANK YOU!
DISCUSSIONS AND QUESTIONS